

Message Text

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72

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PM-07 DODE-00 PA-03 USIA-12 PRS-01 RSR-01 /170 W
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P R 231732 Z MAY 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 4539

INFO AMEMBASSY BONN

AMEMBASSY PARIS

C O N F I D E N T I A L NEW DELHI 6078

E. O. 11652: GDS

TAGS: BGEN, IN

SUBJECT: GOI AWARDS SUPERALLOY PLANT CONTRACT TO FRENCH FIRM

REF: NEW DELHI 4984, NEW DELHI 4898, STATE 80032 (NOTAL)

1. JAN DROBOT, VICE PRESIDENT, WESTINGHOUSE TRANDING COMPANY (ASIA) LTD., ADVISED US MAY 22 THAT GOI HAS DECIDED TO PURCHASE SUPERALLOY TECHNOLOGY AND PLANT EQUIPMENT FROM CONSORTIUM INCLUDING FRENCH FIRM CREUSOT- LOIRE AND KRUPP OF GERMANY. FRENCH HAVE BEEN INFORMED OF DECISION. SOURCE OF INFORMATION IS BRIJ MOHAN GUPTA, CHEIF EXECUTIVE, INDIAN AVITRONICS, NEW DELHI, WHO CLAIMS HE OBTAINED IT FROM SOURCE PRESENT IN CABINET MEETING WHICH MADE DECISION. WE HAVE NO REASON TO QUESTION RELIABILITY OF GUPTA'S INFORMATION.

2. ACCORDING TO GUPTA, DECISION WAS MADE ON GROUNDS THAT (A) FINANCING OF FRENCH PROJECT SPREAD OVER LONGER PERIOD OF TIME, AND (B) THAT USED EQUIPMENT OFFERED BY WESTINGHOUSE NOT DESIRABLE. PRIME MINISTER GANDHI REPORTEDLY REFERRED TO BAD PREVIOUS INDIAN EXPERIENCE WITH USED EQUIPMENT. GUPTA SAID FRENCH WORKED VERY HARD TO GET CONTRACT, USING CONTACTS VERY CLOSE TO PRIME
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MINISTER.

3. DROBOT CLAIMS THAT FRENCH SALE WOULD INVOLVE WESTINGHOUSE TECHNOLOGY RECENTLY SOLD TO CREUSOT- LOIRE, AND THAT PRICE IS AT LEAST DOLS 10 MILLION HIGHER THAN WESTINGHOUSE OFFER. HE SAID TECHNICAL AND FINANCIAL OBJECTIONS REFERRED TO WERE NOT SUPPORTABLE. REAL REASON FOR REJECTION OF WESTINGHOUSE OFFER, HE BELIEVES, IS POLITICAL. DROBOT IS PARTICULARLY UPSET OVER FACT THAT WESTINGHOUSE MADE " HANDSHAKE DEAL" WITH SECRETARY FOR DEFENSE PRODUCTION SHETH WHEN LATTER VISITED US IN FEBRUARY. HE PLANS TO SEE SHETH AS SOON AS POSSIBLE BUT IS RESIGNED TO FACT THAT CHANCES OF SALE FOR WESTINGHOUSE ARE NIL.

4. MEMCON FOLLOWS.
MOYNIHAN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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